

IF-ISAs



A Beginner's Guide



ABOUT IF-ISAs

What does IF-ISA stand for?

IF-ISA stands for Innovative Finance Individual Savings Account.

What is an Innovative Finance ISA?

Innovative Finance ISAs are investments that give consumers the opportunity to lend and earn tax-free interest through a peer to peer lending network. Innovative Finance ISAs pair up willing lenders (or investors) with individual and business borrowers through an easy to-use online platform.

How IF-ISAs can boost British businesses

Smaller businesses are the backbone of the British economy yet can sometimes struggle to get financing from banks. When you open an IF-ISA, some businesses may benefit by gaining access to finance, which could boost their cashflow and subsequently the economy too, while potentially offering you a higher interest rate.

How do IF-ISAs work?

With an IF-ISA, you are loaning your money directly to borrowers across a range of project types in different industries. Each IF-ISA providers' offering will differ so ensure you read their product terms before investing.

Can I open multiple IF-ISAs?

You are only allowed to open one new IF-ISA with a single provider per tax year. As of the 2019-20 tax year, you are allowed to invest up to £20,000 into an ISA, collectively accounting for cash, stocks & shares, Lifetime, Help to Buy** and Innovative Finance ISAs.

***The Help to Buy ISA closed to new accounts at midnight on 30 November 2019*



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THE RISKS & THE REWARDS

Are IF-ISAs covered by FSCS?

No. As a result of being peer to peer (P2P) investments, IF-ISAs are not covered by FSCS protection.

IF-ISA rates of return

IF-ISA rates can vary between each provider and you could typically earn anywhere between 3.5% - 10% pa** over the term, which is typically up to 5 years. Some providers may also offer a sign up bonus to immediately boost your return.

How do IF-ISA returns compare?


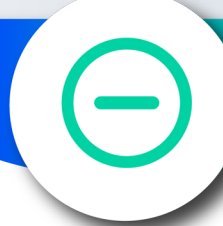
You typically earn a higher interest rate on longer investment terms. Interest rates vary from provider to provider, with each having their own minimum investment terms and fees. Ensure you read all terms related to the product before making an investment.

***Rates checked online, correct as of 31st January 2020*



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Pros & Cons of an IF-ISA

	VS	
May receive higher returns*		Not protected by the FSCS
Tax-free investing*		Capital is at risk and you could lose all your money
Invest up to £20,000 per tax year*		Interest rates may be affected by factors such as bad debts and liquidity
Flexible range of terms		Relatively new market
Good, reputable providers in the market with proven track records		





OTHER TYPES OF ISA



Cash ISAs

Cash ISAs are available to UK residents, aged 16 or over, and allow contributions of up to £20,000 per tax year (2019/20). You can choose either an easy access or fixed term account, which typically impacts the rate of return based on the length of commitment. Cash ISAs are FSCS protected, meaning you're covered up to £85,000 of savings per individual, per financial institution.

Stocks and Shares ISAs

A stocks & shares ISA is a tax-efficient investment account that lets you put money into a range of different investment, while offering the possibility of higher returns than cash ISAs, but only if you're happy to take capital risk.

The range of investments can include individual shares, investment funds, trusts and government bonds or corporate bonds.

Lifetime ISAs

You can use a Lifetime ISA (Individual Savings Account) to buy your first home or save for later life. You must be 18 or over but under 40 to open a Lifetime ISA. You can put in up to £4,000 each year, until you're 50. The government will add a 25% bonus to your savings, up to a maximum of £1,000 per year. You can hold cash or stocks and shares in your Lifetime ISA, or have a combination of both.

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IF-ISA RULES

Am I IF-ISA eligible?

If you are a UK resident over the age of 18, you are IF-ISA eligible.

What is the minimum investment in IF-ISAs?

The minimum investment required for an IF-ISA varies by provider and usually ranges from between £1 and £10,000.

What is the maximum investment in IF-ISAs?

The total amount you can save in ISAs in the current tax year is £20,000 per person. You can split your investment across different types of ISAs, but are not allowed to exceed the limit collectively.

How many ISAs can I have?

You can invest the maximum amount across all ISA types per tax year, but are only able to pay new money into one account of each type. As a rule, lenders are only permitted to hold one Innovative Finance ISA account with a single P2P platform provider per tax year. However, you may transfer old ISA accounts to a new provider, should you wish.

Can I open an IF-ISA if I live abroad?

If you are a non-UK resident you will only be able to open an IF-ISA if you or your spouse perform duties of a Crown employee, such as being a member of the UK armed forces, a civil servant or a diplomat. This will only apply if these duties are treated as being performed in the UK.

Can I transfer an existing ISA into an IF-ISA?

You can transfer Cash, Stocks and Shares ISAs and even IF-ISAs you currently hold with another provider. Previous years' subscriptions don't count towards your annual ISA allowance but current year subscriptions must be transferred in whole and will count towards your ISA allowance.



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HOW TO SELECT THE RIGHT IF-ISA FOR YOU



Since launching in 2016, the IF-ISA market has seen a growing number of providers and choice for the consumer.

You should first consider the level of risk you're comfortable taking. Often the rate of return provides an indication of the level of risk involved in the investment. For example, a 10% pa IF-ISA would typically carry more risk than one offering 6% pa, however this should never be solely used to determine the risk level.

The reputation and reviews of a provider could also be factored in, i.e. a provider with a full track record and positive customer reviews could be used as a good indicator, however past performance is not a guide to future performance.

Some providers offer special deals on entry IF-ISA investments. These incentives should be considered when comparing provider rates of return for initial and subsequent investments.

As IF-ISAs carry an element of risk, you should have a clear understanding of how these investments work and whether they present the right opportunity for you. If in doubt, please contact a qualified financial advisor for further information.

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HOW TO OPEN A KUFLINK IF-ISA

Opening a Kuflink IF-ISA can be done by following a straightforward online process that takes just a couple of minutes to complete.

Firstly, you'll be required to register securely online, providing your first and last name, email address and creating a password. You are only able to register as an individual.

You'll also need to have a valid UK bank account, as well as valid photo ID and your NI Number to hand to validate your identity. These checks are solely to verify your identity as we do not perform a credit check.

Be sure to read any user agreements, risk statements and terms and conditions that you will be required to agree to before submitting your registration.

Once your registration is complete, you will be able to use the online portal to manage the transfer of funds from your bank to your wallet before investing into the IF-ISA. Everything is conveniently managed online, with a trustworthy support team on hand should you have any questions about the process.

There is also the option to transfer an existing ISA to Kuflink from another provider. We do not charge any fees for this transfer of funds but please do check with your existing provider as exit and other charges may apply.



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ABOUT KUFLINK

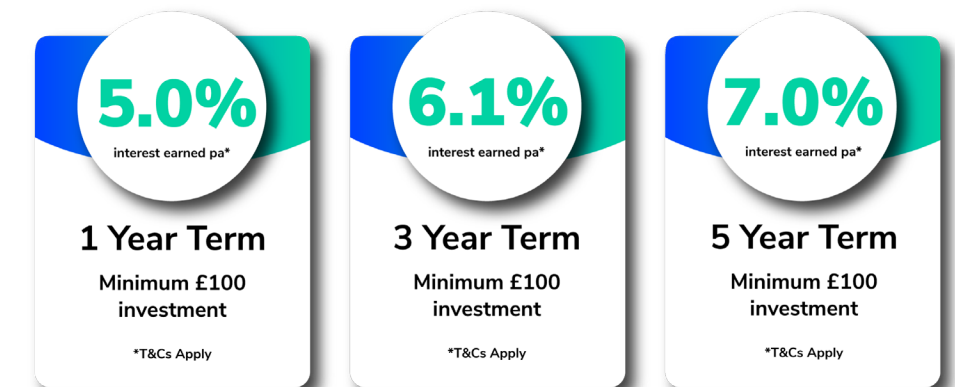
As experienced property investors, Kuflink's founders watched closely as the market became harder to get into after the financial crash, which made them think - how on earth are normal people supposed to manage their money effectively?

It's currently almost impossible to find a savings account that pays above inflation. As for stocks and shares, they can be confusing and difficult to predict. In fact, it can take a lot of effort to find a decent return on your money, and borrowing money at a reasonable rate can be just as difficult.

That's where Kuflink comes in; our award-winning platform unites borrowers with lenders, providing interest rates up to 7% pa.*

With investments in IF-ISAs starting from as low as £100, we're happy to assist you regardless of whether you are a first timer, or if you are an established investor.

What Does Kuflink Offer?



Rates correct as of 30th January 2020



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KUFLINK TESTIMONIAL

I became aware of Kuflink and their IF-ISA during a radio commercial almost two years ago. I decided to 'dip my toes in the water' with an initial IF-ISA investment. I never looked back from this point, because the advantages became so apparent. Most cash ISA providers are still paying out a miniscule return on investments.

What I love about the Kuflink IF-ISA is the flexibility of investment rate which increases commensurate to 3 levels of investment periods and the spread of opportunities which give increased security, rather than putting 'all your eggs in one basket'.

After hearing Kuflink's radio advert, I did my own research and found Kuflink had grown organically and is a well-established company in the peer to peer lending environment. My confidence to invest was amplified by telephone conversations with the investor relations team, initially Ranj and subsequently later, Lisa. Both have been of great assistance to me as someone who hadn't got a clue about peer to peer lending investments. They hand held me through the process in a friendly, professional and transparent manner. So much so that my wife has now converted to becoming a Kuflink customer!

Since the government introduced the tax free ISA investment programme I have invested annually. In the first instance cash ISA's only until the returns became uninviting and then subsequently transferred cash to Stocks and Shares ISA's, which are income based and which give me a return of 4%-5% pa. The Kuflink IF-ISA currently represents 33% of my total ISA portfolio.

Kuflink IF-ISA Investor, 83, Wickford



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KUFLINK TESTIMONIAL

The Kuflink IF-ISA is easy to setup and use, with funds being automatically diversified for hassle-free lending. This is a big benefit for myself where time is a luxury. The interest gained from the Kuflink IF-ISA compares favourably with other IF-ISA's available on the market.

Customer service from Kuflink has been exceptional, and they have promptly responded to my queries. Kuflink offered cashback on initial funds deposited as part of their new investor promotion, with excellent interest rates and have various securities to mitigate the risk inherently associated with peer-to-peer lending.

I have a Lifetime ISA, which accounts for £4,000 of my ISA allowance each year (20%), with the remainder of my allowance invested into a Kuflink IF-ISA.

Kuflink IF-ISA Investor, 28, Southsea



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